

# IDAHO OUTLOOK

## NEWS OF IDAHO'S ECONOMY AND BUDGET

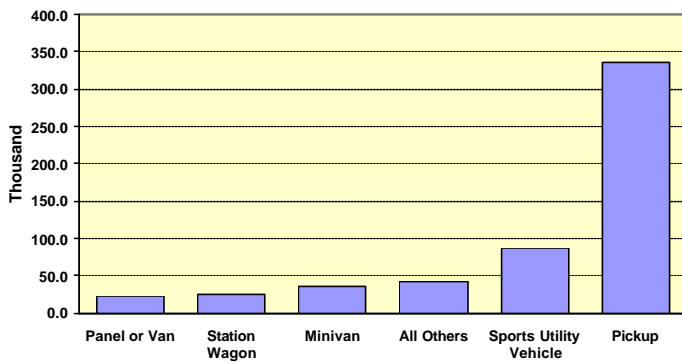
STATE OF IDAHO

DIVISION OF FINANCIAL MANAGEMENT

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**On the Road.** The rest of the nation has finally caught on to what Idahoans have known for decades: Trucks are cool. The U.S. Census Bureau pointed out that between 1992 and 1997 the total number of U.S. truck registrations, including sport utility vehicles (SUVs), rose 23%. The reasons for this jump include rising consumer incomes, relatively low fuel prices (until recently), and favorable financing terms. Perhaps the most important change is the soaring popularity of SUVs. The registrations of SUVs in the U.S. nearly doubled from 1992 to 1997. Nationwide, there were approximately 20 pickups per hundred licensed drivers versus 8 SUVs. Trucks have also changed over time and this has broadened their appeal. Today's light truck is definitely not the one your father drove to the prom. Yesterday's bone rattler can now be appointed as well as any luxury car. Indeed, traditional luxury carmakers such as Cadillac, Lincoln, and Mercedes all offer SUV models. This is no surprise. Light trucks generally enjoy higher profit margins than cars, so manufacturers are more than happy to give the public what it demands.

Types of Trucks Registered in Idaho in 1997

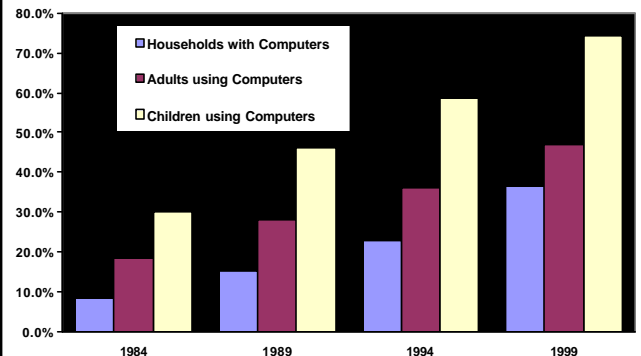


Source: U.S. Census Bureau

In Idaho there were about 40 pickup trucks for every hundred licensed drivers in 1997. The only states with more pickup trucks per driver were Wyoming (50 per hundred drivers) and North Dakota (41 per hundred drivers). Gem State SUV registrations grew by an impressive 75% to 87,000 units from 1992 to 1997. However, even at this pace they did not come close to the 337,000 pickups registered in this state in 1997. Looked at another way, there were just 10 SUVs per hundred Idaho drivers. This was still the seventh highest in the nation. Minivans were relatively less popular in Idaho. In 1997, there were 4 minivans per hundred drivers. Given the lopsided numbers, there would probably be little debate if the pickup truck were declared Idaho's Official State Vehicle. The real controversy would be whether it should be a Chevrolet, Dodge, Ford, or another make.

**Happy Birthday, HAL.** The personal computer achieved voting age this summer. While hobby computers had been around for a few years, it was the introduction of the IBM personal computer in the summer of 1981 that most consider the birth date of this product that continues to transform our world. It was quickly adopted by businesses. However, it did not make serious inroads into the home market until it was in its adolescence. In 1984, just 8.2% of U.S. households had computers. However, penetration has risen steadily, and by 1997 36.6% of all households had a computer. This is a typical pattern for the adoption of new technologies. What is not typical is who is leading the adoption of computers. Kids are driving this revolution. In fact, children have always led. In 1984, 30.2% of all children used computers, while just 18.3% of adults used them. Nearly three-quarters of all children used computers in 1997 compared to about half of all the adults. Education has and will continue to play a major role in this process. More children use computers at school than at home. For example, about three-quarters of all public school children used computers in the classroom, but just 43% used computers at home. Not surprisingly, most children access the Internet at school rather than at home. One can easily foresee the day when arguments over web browsers will be as heated as those over who makes the best pickup truck.

Computer Presence in Home and Use



Source: U.S. Census Bureau

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## General Fund Update

As of September 30, 1999

<u><b>Revenue Source</b></u>	<u><b>\$ Millions</b></u>		
	<b>FY00 Executive Estimate<sup>3</sup></b>	<b>DFM Predicted to Date</b>	<b>Actual Accrued to Date</b>
Individual Income Tax	878.5	177.5	181.6
Corporate Income Tax	92.5	20.4	26.4
Sales Tax	611.8	159.4	165.1
Product Taxes <sup>1</sup>	15.5	4.1	4.2
Miscellaneous	84.6	20.9	23.6
<b>TOTAL GENERAL FUND<sup>2</sup></b>	<b>1,682.8</b>	<b>382.3</b>	<b>400.9</b>

<sup>1</sup> Product Taxes include beer, wine, liquor, and cigarette taxes  
<sup>2</sup> May not total due to rounding  
<sup>3</sup> Revised Estimate as of August 1999

General Fund revenue collections exceeded expectations by a wide margin in September for the second consecutive month. The General Fund now stands \$18.6 million higher than expected for the first three months of Fiscal Year 2000. Surprisingly, very strong Corporate Income Tax collections accounted for over two-thirds of September's \$10.1 million gain. The Individual Income Tax, Sales Tax, and Miscellaneous revenues were all slightly higher than expected in September.

The Individual Income Tax was \$1.6 million above the predicted amount in September, due to a combination of higher-than-expected filing collections and lower-than-expected refund payments. Withholding collections were actually \$1.4 million below the target in September. They are, however, \$3.7 million ahead of the year-to-date predicted amount as a result of strong withholding collections in July and August.

Corporate Income Tax collections provided the big surprise in September, coming in almost \$7 million higher than expected. This is almost entirely due to quarterly estimated payments that were \$5.6 million higher than expected. September's strength is surprising in that it is the third payment month of the annual cycle for calendar year taxpayers (the months, in order, are April, June, September, and December). Payments in both April and June were substantially lower than a year earlier, while September's payments were substantially higher than a year earlier.

Sales Tax collections were \$0.9 million higher than expected for September. This is good, but considerably lower than the \$2.3 to \$2.5 million excess received in July and August. It is also consistent with the employment growth slowing that has been occurring in Idaho since mid-year.

Both Product Tax and Miscellaneous revenues were very close to their predicted amounts for September. The cumulative excess of \$2.7 million in the Miscellaneous category is roughly equally divided between the Insurance Premium Tax and interest earnings.